

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP166

Name of Organisation(s) / individual(s):
Waters Wye Associates

Date Submitted:
9 November 2016

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:

[Click here to enter text.](#)

Proposal summary (short summary, suitable for published description on our website)

To create the new role of Prequalification Agent - this new role would allow one Prequalification Agent to help numerous Applicants through the CM prequalification process. The Prequalification Agent would then cease to have access to the CM systems and would not undertake any further CM roles on behalf of the Applicant such as bidding in the auction, etc.

What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):

Under the current rules an Agent may only act for one party. We believe the intent of this rule was to stop one Agent acting on behalf of numerous CMUs, putting it in the position of being a dominant party in the CM auction. This appears to be the view shared by Ofgem in their rejection of CP003 in 2015. However, the limitation also creates a barrier for entry for new market entrants and smaller parties who are seeking help with the complex CM prequalification process. The proposal is therefore to introduce a Prequalification Agent, who an Applicant can use just for the purpose of supporting them through the prequalification process, but after that the Prequalification Agent would have no role in the party's participation in the auction.

Description of the issue that the change proposal seeks to address:

WWA were approached by multiple parties looking for help with prequalification both this year and last, but are limited by the rules in helping multiple organisations despite the process being onerous and NG's advice unavailable during prequalification. We believe that it is in the interest of competition that as many parties prequalify as possible, so limiting support is creating a barrier to entry and reducing the level of competition within the CM market. However, we agree that once pre-qualified each party will need to bid competitively based on their own plant economics. It would therefore be inconsistent with the principle of a competitive market to allow an Agent to bid for multiple parties in the auction.

If applicable, please state the proposed revised drafting (*please highlight the change*):

See separate sheet

Analysis and evidence on the impact on industry and/or consumers including any risks to note when making the revision - including, any potential implications for industry codes:

WWA were approached by more 10 parties asking for help through the CM prequalification process, which we believe is evidence that there is a need for new entrants in particular to have a Prequalification Agent help them through the process. There are not enough "CM experts" available for each party wishing to enter the market to have a different Agent help them. While advice can be given about the relevant documents, etc. it would be more efficient for the party if they can simply have a Prequalification Agent enter data on the system for them, if that is what they want. WWA does not believe that there are any impacts on industry codes.

Details of Proposer (*please include name, telephone number, email and organisation*):

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